

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 FRB-03 TRSE-00 COME-00 CIAE-00

INR-07 NSAE-00 PA-01 PRS-01 USIA-06 SEC-01 L-03 SP-02

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R 161605Z JAN 76

FM AMEMBASY ATHENS

TO SECSTATE WASHDC 2200

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EO 11652: NA

TAGS: EFIN GR

SUBJECT: ANDREADIS INVESTIGATION PROCEEDS

REF: ATHENS 9740

1. ON JAN 14 THE ATHENS PUBLIC PROSECUTOR DETERMINED THAT ON BASIS OF PRELIMINARY EXAMINATION OF ALLEGATIONS AGAINST ANDREADIS GROUP, REGULAR INQUIRY BY INVESTIGATOR-JUDGE IS MERITED. NO FORMAL CHARGE HAS BEEN LEFELLED AGAINST ANDREADIS OR ANY OTHER SPECIFIC INDIVIDUAL. PROCEDURE BEING APPLIED - WHICH IS FORMALLY TERMED PROSECUTION IN REM - CONSISTS BASICALLY OF EXAMINATION OF RESULTS OF PRELIMINARY INQUIRY AND COLLECTION OF TESTIMONY FROM THOSE INVOLVED. PROVISIONAL ADMINISTRATORS APPOINTED BY THE CURRENCY COMMITTEE TO THREE ANDREADIS GROUP BANKS (COMMERCIAL, IONIAN AND POPULAR, AND INVESTMENT BANKS) ARE NOT EXPECTED TO SUBMIT THEIR REPORTS, WHICH WILL BE CRUCIAL TO THE HEARINGS, BEFORE NEXT MONTH.

2. FIVE OFFENCES, ALL MISDEMEANORS, BUT NONETHELESS CARRYING POSSIBLE PRISON SENTENCES, HAVE BEEN OUTLINED FOR CONSIDERATION: (A) BREACH OF TRUST; (B) INFRINGEMENT OF CURRENCY REGULATIONS; (C) VIOLATION OF STATUTES GOVERNING CORPORATIONS; (D) VIOLATION OF CREDIT CONTROLS; (E) NON-COMPLIANCE WITH DECISIONS OF CURRENCY COMMITTEE.

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AS REPORTED IN REFTEL CASE SEEMS TO HINGE ON (A) MOST

IMPORTANTLY, THE TRANSFER OF LARGE BLOCKS OF SHARES IN HILTON HOTEL, ELEFSIS SHIPYARDS AND OTHER CONCERNS FROM LOCAL COMPANIES WHICH ANDREADIS CONTROLLED (BUT WITH LESS THAN 100 PERCENT OWNERSHIP) TO ANDREADIS AGENCIES OVERSEAS (MANY IF NOT ALL OF THESE SHARES HAVE BEEN RETURNED SINCE INVESTIGATION INITIATED); (B) VIOLATION OF CREDIT CEILING REGULATIONS BY THREE BANKS; (C) FAILURE OF ANDREADIS BANKS TO APPLY STANDARD CREDIT CRITERIA IN LOANS TO ANDREADIS COMPANIES. ANDREADIS IS REPORTEDLY PLANNING TO RETURN TO GREECE FOR INQUIRY (WITH ONE VERY BRIEF INTERRUPTION HE HAS REMAINED OVERSEAS SINCE CASE BEGAN).

3. NEW WRINKLE IS SUGGESTION IN LOCAL PRESS THAT TWO FOREIGN BANKS, ONE US AND THE OTHER FRENCH, HAVE BEEN IMPLICATED IN TRANSGRESSIONS. MINISTRY OF JUSTICE HAS DENIED THAT CRIMINAL CHARGES ARE BEING BROUGHT AGAINST ANY FOREIGN BANKS. FROM ANDREADIS GROUP OFFICIALS AND OTHER BANKING COMMUNITY SOURCES, EMBASSY UNDERSTANDS THAT BANK OF AMERICA AND BANQUE NATIONALE DE PARIS HAVE BEEN MENTIONED IN PUBLIC PROSECUTOR'S REPORT, DUE TO PURCHASE OF SHARES OF INVESTMENT BANK AND BANK OF ATTICA, RESPECTIVELY, AT PRICES WHICH CURRENCY COMMITTEE HAS NOT CALLED INTO QUESTION. LOCAL BANK OF AMERICA REPS APPEAR TO BE RELAXED ABOUT BOA INVOLVEMENT IN THE CASE.
KUBISCH

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